

# Press Release

## Modern trade in China experienced no growth in Q1

**(Shanghai, China, May 4<sup>th</sup>, 2015)** – Kantar Worldpanel, the global leader in consumer panels, reports the spending in FMCG market showed sluggish growth as it expanded by 2.0% for the first quarter of 2016 from last year. This puts consumer spending behind the official statistics that reported China's economy grew by 6.7% in the first quarter of 2016. Spending in modern trade (including hypermarkets, supermarkets and convenience stores) declined by 0.5% as shoppers moved to other channels such as e-commerce. Geographically, West is ahead of other regions with growth rate reaching 4.6%, primarily driven by large format stores such as Hypermarket.

## Walmart share trend starts to rebound and Sun Art consolidates its market lead

Entering 2016, international retailers started to show sign of recovery that saw their market share fall to 13.2% (down only 0.3% from Q1 in 2015, the smallest recorded market share decline in recent years). Wal-Mart group was one of the more successful players in reversing its share – seeing share growth for a second consecutive month. Its quarterly share is now 5% of the market recorded in the first 12 weeks of 2016 (up 0.2% from 2015Q1). This was driven by the strong performance in West where the retailer holds 6.4% of the market (up 0.7% from 2015Q1).

Local retailers have continued to perform better. Sun-Art group leads the market with 8.3% share nationally as a result of the group's outstanding performance in lower city tiers.

### Leading Grocery Share of Modern Trade - National Urban China

	52 w/e 2015/03/20	52 w/e 2016/03/25	15Q1	16Q1
SUN ART GROUP	7.1	7.6	7.8	8.3
RT-MART	5.9	6.4	6.6	7.0
AUCHAN	1.2	1.2	1.2	1.3
VANGUARD GROUP (Incl. TESCO)	6.5	6.4	6.6	6.4
TESCO	1.2	1.0	1.1	0.8
WAL-MART GROUP	5.0	4.8	4.8	5.0
CARREFOUR	3.6	3.3	3.5	3.3
LIANHUA GROUP	3.1	2.8	2.8	2.7
YONGHUI GROUP	2.1	2.4	2.2	2.6
WU-MART GROUP	1.6	1.6	1.6	1.5
WSL GROUP	1.6	1.6	1.5	1.8
SPAR GROUP	1.3	1.3	1.2	1.3
BUBUGAO (Incl. NANCHENG)	1.1	1.0	1.3	1.0

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Source: Kantar Worldpanel China

## Regional retailers are gearing up

Yonghui maintained its steady growth by gaining 0.4% (from the quarter a year ago) and now represents 2.6% of the market nationally. The retailer has entered the top player league in the fiercely competitive East region, reaching a market share of 1.5% in 2016Q1.

In South region, WSL group maintained its growth momentum reaching a share of 6.5% through attracting new shoppers to its stores. We expect to see this group close the gap with the regional leader Wal-Mart group (8.9% share of the market) if it can execute its ambitious expansion plan that targets to open more than 100 new stores in 2016 and maintain strategic alliances with Yonghui group.

Hongqi was in the spotlight for taking over Huhui supermarket in West region last year but the merger has not yet translated into sales performance with the group's market share has maintained at 1.3% of the market in 2016Q1.

## E-commerce spending accelerated in the first quarter.

Modern trades sales have been hit by the rapid growth of E-commerce which increased by 48.1% in the first quarter of 2016. This channel growth is a result of more households purchasing on the platform (penetration was up 33.7%). Faster penetration growth has been witnessed in lower city tiers. County level cities saw the fastest gains (grew by 48.9%) as a result of e-commerce retailers pushing to develop the demands

Competition between E-commerce retailer giants is intensifying. Tmall launched a "Two headquarter" strategy to shift focus to converting buyers in the top cities where the group is behind JD.com in terms of size and growth rate. Consumers in key cities are also enjoying deep price promotions to encourage them to purchase from Tmall stores.

### Notes to editor:

1. Kantar Wordpanel China continuously measures household purchases over 100 product categories including cosmetics, food and beverages and the toiletry/household sector. Its national urban panel covers 20 provinces and four municipality cities (Beijing, Tianjin, Shanghai and Chongqing).
2. International retailers refer to retailers originated outside Mainland China, Taiwan, Macau, and Hong Kong.

## About Kantar Worldpanel — Inspiring Your Success

### Kantar Worldpanel is a CTR service in China.

*We are the world leader in continuous consumer panels. Our global team of consultants apply tailored research solutions and advanced analytics to bring you unrivalled sharpness and clarity of insight to both the big picture and the fine detail. We help our clients understand what people buy, what they use and the attitudes behind shopper and consumer behaviour.*

*We use the latest data collection technologies best matched to the people and the environment we are measuring. Our expertise is rooted in hard, quantitative evidence – evidence that has become the market currency for local and multinational FMCG brand and private label manufacturers, fresh food suppliers, retailers, market analysts and government organisations. We are not limited to the grocery sector; we have a wide range of panels in fields as diverse as entertainment, communications, petrol, fashion, personal care, beauty, baby and food-on-the-go.*



***It's what we do with our data that sets us apart. We apply hindsight, insight, foresight and advice to make a real difference to the way you see your world and inspire the actions you take for a more successful business.***

*We have over 60 years experience in helping companies shape their strategies and manage their tactical decisions; we understand shopper and retailer dynamics; we explore opportunities for growth in terms of products, categories, regions and within trade environments.*

*Together with our partner relationships, we are present in more than 50 countries – in most of which we are market leaders – which means we can deliver inspiring insights on a local, regional and global scale. Kantar Worldpanel was formerly known as TNS Worldpanel.*

*For more information, please visit [www.kantarworldpanel.com](http://www.kantarworldpanel.com)*

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